Sullivan County NH

Type of Meeting: Sullivan County Full Delegation
Date / Time: May 21, 2007 1:00 pm
Place: Sullivan County Probate Courtroom

Participants (at the beginning of the meeting):
Representatives: Peter Franklin (Chair), Ray Gagnon (Vice-Chair), Ellen Nielsen (Clerk), John Cloutier, Larry Converse, Tom Donovan, Arthur Gillette, Sue Gottling, Jay Phinizy, and Beverly Rodeschin
Commissioners: Ethel Jarvis, Ben Nelson and Jeff Barrette
County Employees: County Manager Ed Gil de Rubio
Jeff Graham, Certified Public Accountant
Public Participants: Gordon Flint (observer)

The meeting was called to order by Rep. Franklin at 1:10 pm. This meeting was a continuation of the recessed meeting of May 14, 2007.

Minutes of May 14, 2007:
Paper copies of these minutes had been distributed at the beginning of the meeting and the minutes had been emailed to the delegation that morning. Since some participants had not had a chance to study the minutes, Rep. Phinizy moved to table the minutes until the next meeting. Rep. Converse seconded this motion, and the motion passed.

Agenda Items:
County Manager's Report
Nursing Home Administrator's Report
Accountant's Report

Rep. Franklin requested that the accountant's report be shifted to the beginning of the agenda he had prepared, and the other participants agreed to this request. Because of the many questions asked by several representatives, the accountant's report took several hours. During this report, the commissioners, Mr. Gil de Rubio, and Mr. Flint left, and eventually some representatives left. The accountant's report turned out to be the only agenda item covered during the meeting.

Accountant's Report:
Mr. Graham, the certified public accountant who is employed by the County on an hourly basis, had prepared a detailed financial report, which had been distributed to members of the Delegation by Mr. Gil de Rubio at the meeting of May 14, but was not reviewed or discussed at that meeting. Since Mr. Graham was available at this meeting, the representatives took the opportunity to review and discuss his report.

At the beginning of the meeting, Representative Gottling passed out six written questions she had prepared:

1. How much cash, not including line of credit, is available for paying county bills from now until the end of the financial year/ [June 30]
2. What are our expenses from now until the end of the financial year based on previous years' experience?
3. What is our likely income from now until the end of the financial year based on previous years' experience?

4. How is the payment to Genesis accounted for in our expense reports? Invoices reflect umbrella payments only through 12/30/06 and administrator payments only through 11/20/06.
5. How is the withdrawal of line of credit money accounted for in our expense reports? Two withdrawals, as of last week, have been reported totaling $650,000.
6. Why did we [the EFC] have to authorize borrowing up to $2,000,000 on 4/16/07 when the 4/30/07 financial report gives year-to-date revenues as $21,811,750.84 and year-to-date expenses as $19,397,149.55 giving a positive balance of $2,414,601.29? Did all this money come in between April 16 and April 30? If so, where did it come from?

Mr. Graham explained that the report he had prepared covered the period from the beginning of this financial year on July 1, 2006 to March 31, 2007, but includes some extrapolations for the fourth quarter based on dividing the amounts for the first three quarters by three. Using the report, he would be able to answer some of Rep. Gottling's questions.

Question 1: As of 3/31/07, the County's cash on hand was $1,182,436.00. This money was in a temporary investment account (earning some interest) a checking account and the account for the Registrar of Deeds. (Excess funds from the Registry of Deeds are transferred to the General Fund.)

To find answers to Questions 2 and 3, Mr. Graham asked the representatives to take a closer look at the main section of his report—STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES. This section has three columns and is organized by funds, with itemized revenues and expenses within each fund. The first column lists projected revenue and expense items from the 2006-2007 county budget. The second column contains "actuals"—the actual revenues and expenditures for the first three quarters. The third column contains projected revenues and expenditures for the fourth quarter, in most cases extrapolated by dividing the figure in the second column by three. (In some cases, no additional revenue or expense is anticipated,) The accountant's report makes it possible to compare, at a glance, the revenue and expense projections in the budget prepared before the beginning of the 2006-2007 with actual revenues and expenses up until 3/31/07. After representatives had gone over the report with Mr. Graham, Rep. Phinizy noted that the report provides a management tool for the County; for example, if a line item is consistently over budget, changes must be made in the budget, or cuts must be made.

As they examined the accountant's report, representatives asked questions about specific line items, and noticed certain patterns. In some areas, the actuals were close to the budget, and in some areas, for example in the Human Services section of the General Fund, the actual expenditures were significantly less than the budgeted amount. However, the actuals for the Nursing Home Fund were significantly over budget, particularly for the Dietary and Nursing sections. Mr. Graham agreed with the statement made by Mr. Gil de Rubio at the previous meeting that the nursing home accounts will show a deficit at the end of the financial year.

Mr. Graham explained why it is difficult to predict exactly how much the deficit will be. The nursing home receivables are the largest part of the revenues in the budget, but they vary a lot and are not always predictable. For instance, the county expects to receive more Pro-Share monies than anticipated--$747,000 instead of $650,000. The nursing home budget expenditures include items which are fixed expenses, items which may vary slightly, and items which may vary a great deal.

The representatives were not able to identify line items in the documents provided by Mr. Graham which correspond to all of the payments made to Genesis, or for the nursing home administrator's salary. Therefore, Question 4 does not seem to be answered. The documents provided by Mr. Graham do not contain an answer to question 5 because they contain actuals for only the first three quarters of the financial year and the borrowing of the $650,000 took place in the fourth quarter. In answer to question 6, Mr. Graham stated that the expenses listed do not include capital expenditures. Also, he pointed out that the Pro-Share money has not yet arrived, and explained it is not standard accounting practice to count revenues which are anticipated but have not yet arrived (and may arrive after the end of the financial year) as actual revenues.

After several hour of questions and answers, the representatives who were still present (some had left) had more information about the County financial picture, but there were still unanswered questions. Several representatives expressed concern about the possibility that the projected deficit might become larger, once payments to Genesis were figured in. Another concern is that, if the year ends with a deficit, and the County is not able to repay the $650,000 which has been borrowed before the end of the financial year, it will be necessary to cut the budget and / or raise taxes during the next financial year. When Rep. Franklin asked Mr. Graham if the County would be able to pay back the money, Mr. Graham estimated that $250,000 could be repaid, and that there might be an outstanding debt of as much as $400,000. However, this estimate does not take the most recent revenues received into account. Rep Franklin pointed out that there had been a recent Medicaid reimbursement of $400,000, which does not appear in the accountant's report, and wanted to know if there had been other revenues received which might change the picture.

Rep. Franklin asked Mr. Graham if he thought the delegation should recommend a budget freeze at this time. Mr. Graham said he did not recommend a freeze, but he thought every expenditure should be carefully reviewed. Rep. Franklin asked Mr. Graham to update the information he has provided, and Mr. Graham agreed to email more information to the Commissioners' Office by the end of the week.

By 4:00 pm, so many representatives had left that there no longer was a quorum. Rep. Franklin suggested that this meeting be recessed until 9:00 am on Monday, June 4. He will let the delegates know where the meeting will take place.

Respectfully submitted,

Ellen Nielsen

Ellen Nielsen, Delegation Clerk